

Five-cent cut in property tax still in the cards

Council gets ready to approve record spending and construction budgets

Wednesday, May 17, 2006

by Janel Davis
Staff Writer

The County Council is poised to pass record spending and building budgets, including a 5-cent cut in the property tax rate. A vote is scheduled for Thursday, with a formal final vote set for May 25.

Even with record levels of education appropriations and allocations for roads, health care and housing initiatives, fiscal 2007's budget still meets the charter limit, without major spending and program cuts that have been necessary in previous years.

But budget projections compiled by council staff, which include increased demands on county resources for pensions, health care and building costs, are predicting that the county will have to borrow larger sums to meet its steadily increasing budgets.

The operating budget — initially proposed by County Executive Douglas M. Duncan (D) at almost \$4 billion — and the first year of a six-year, \$2.7 billion construction budget will be carried out with help of at least \$300 million in surplus revenue when the fiscal year ends June 30.

More than half of the county's spending budget — about \$2.1 billion — would go toward education, including \$1.8 billion for the school system and \$218 million for Montgomery College. The school system's budget is almost \$137 million higher than last year's budget, with the bulk of the increase going to salaries and benefits. The council added \$13.9 million to the initial school appropriation for the system's pension plan and other programs.

In addition to the education budget, the council will finalize the budget for the Washington Suburban Sanitary Commission, which provides water and sewer services to 1.6 million ratepayers in Montgomery and Prince George's counties.

That budget includes a 3 percent rate increase. The council's failure to approve late changes requested by the WSSC could delay building a temporary holding facility for sewerage in Washington, D.C., to avoid overflows. It could also delay a study of how to improve the disposal of septage — septic tank contents and other wastes, such as grease, not discharged into sewers.

"It's been an easy [budget] year because we have the resources," said Council President George L. Leventhal (D-At large) of Takoma Park.

The council has spent the past week negotiating cuts to county agencies and programs to fill gaps in school funding and pay for about \$55 million in pension enhancements for school system employees, the Seven Locks Elementary replacement school and additional agency requests. To pay for those items, the council has proposed cutting the budget by \$7.8 million, and reducing Duncan's proposed 9.5-cent property tax cut to a nickel.

In addition to the 5-cent property tax rate cut, introduced by Councilwoman Marilyn J. Praisner, the plan would give homeowners a one-time \$221 tax credit. Under the plan, county revenues would increase \$5.2 million over Duncan's recommendation.